

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – JUNE 1, 2005

PRESENT: Chairman Anthony Maiola and Commissioners John Byrne and Patricia Russell; Craig Bulkley, Bureau Chief of Administrative Services; John Bunnell, Administrator of Marketing & Sales; Randall Avery, Deputy Chief of Enforcement; Steven Slovensky, Legal Counsel; Howard Roundy, Director of Information Technology; Peter Engel, Director of Store Operations; Richard Gerrish, Spirits Marketing Specialist; Nicole Horton, Wine Marketing Specialist; George Tsiopras, Chief Financial Officer.
Guests: Al Picconi, United Beverages, Inc.; Michael Gocłowski and Brian Law, Law Warehouses.

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T-D Sales Reports:

Total weekly sales for the week ending May 29, 2005 increased by 6.9% or \$580,604, as they did for the yearly comparison by 6.5% or \$21,921,627.

B. Budget/Administrative Reports:

A waiver will be prepared for the Maintenance Engineer II position being vacated by Bob Whiting. Craig has asked John Tower to review the job description.

The Governor and Council meeting originally scheduled for 10:00 a.m. today has been rescheduled for 8:00 a.m. tomorrow. The Commission has four contracts on the agenda.

Work is continuing on the warehouse project. Cohen Steel has provided a quote for removing the old steel.

The latest W-6 Expense Budget Activity Variance Report shows the year to be at about 92% expired, with approximately 89% of the budget expended. The transfers seem to be holding, although the Benefits line is still in the negative. George expects that all rubbish amendments will have been presented to Governor and Council before June 30th. Work has begun on the year-end report.

There have been funding problems concerning requests made to OIT to purchase IT equipment. Craig will keep the Commission posted on any resolutions which may be made.

There was discussion regarding combining the Sweeps lottery machine with our POS cash register so one machine could service each store for lottery tickets. Accounts Receivable has received inquiries from the Sweepstakes Commission as to how the Commission secures cash. George Tsiopras will meet with lottery representatives tomorrow concerning this.

2. IT Report

There have been some issues encountered with renumbering operations, including some difficulties with e-mailing this morning. Some stores had problems getting into the system; however, this has been resolved.

Last Wednesday Howard and Peter attended a meeting in Chicago and viewed some of the hardware vendors. Peter was impressed with the “all in one” type units, particularly with one from New York. Of major interest were the changes in pinpads, where usage has extended to advertising, taking surveys and many other functions.

Software changes have been implemented in Store #1 Concord this past week for regulations for duplicate detection. IT is waiting for the data base drive to make changes to the RITA server. If there are no issues, implementation will continue in other stores during the morning on Thursday. Commissioner Byrne felt it would be wise to wait until next Monday to prevent potential problems during the upcoming Memorial Day weekend.

3. Human Resources Report: No report presented.

II. MARKETING & SALES REPORTS

1. Store Operations

Total store sales for the week ending 5/29/05 rose 4.06% or \$267,011.75 over the same week last year. The new Center Harbor store earned over \$40,000; subsequently, there was a drop in sales at Store #42 in Meredith.

The contract crew worked through the weekend to put up the ceiling at the new Keene location. The curbing has been installed, and the electrical crew is now hanging lights. Installation of the quarry tile should start at the end of this week. Commissioner Russell inquired as to the safety of the retention pool. Peter said that there would be a guard rail system set up there.

The landlord for Store #43 Farmington has agreed to give the Commission a one-year extension on the lease which expired yesterday.

Working continues on negotiations for a new location for the Glen store.

Peter is looking at an expected occupancy for August, both for this store and Store #10 Manchester.

Peter viewed a possible extension for the Plymouth store, which he doesn't feel is needed. He has also been contacted by someone in Epping regarding space which is available near Wal-Mart. In addition, there is some space available about ten miles from Waterville Valley in Campton which is right off of the interstate.

2. Purchasing Report

Brian Law mentioned that case sales at Law Warehouse were 10,000 higher last week. Case and bottle sales increased easily over 10%, indicating sales are up.

3. Merchandising Report

A. SPIRITS:

1) Test Market Products:

a. Test Market Request (Smirnoff Green Apple Martini):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Diageo North America for a new test market listing for Smirnoff Signature Green Apple Martini, 1.75L size (assigned new Code #5521), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Test Market Request (Iceberg Vodka):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Martignetti Companies of N.H./Admiral Wine Imports for a new test market listing for Iceberg Vodka, 750ML size (assigned new Code #3710), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Test Market Request (TJ Toad Pina Colada & Mudslide):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Martignetti

Companies of N.H./Devil Springs Bottlers for new test market listings for TJ Toad Pina Colada (assigned new Code #5572) and TJ Toad Mudslide (assigned new Code #5573), 750ML sizes, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. Test Market Result (Code #2234):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the delisting of Code #2234, Early Times (PET), 750ML size, as this item failed to achieve the gross profit required for full distribution at the conclusion of a six-month test market period, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Line Extension Request (Jose Cuervo Lime Margarita, 200ML):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Diageo North American for a line extension to Jose Cuervo Lime Margarita, 200ML/ 4 pack (assigned new Code #5714), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Revised July Offers (20 items – United Beverages, Inc.):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve revised special offers from United Beverages, Inc., based upon depletions for twenty (20) spirit items, to be featured on sale during July 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

1) Special Offers for July 2005:

a. 64 items – Martignetti Companies of N.H.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Martignetti Companies of N.H., based upon depletions/special purchase allowances for sixty-four (64) wine items, to be featured on sale

during July 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 120 items – Martignetti Companies of N.H.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Martignetti Companies of N.H., based upon depletions/special purchase allowances for one hundred twenty (120) wine items, to be featured on sale during July 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Purchase & Display Two Princes Riesling:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from Perfecta Wine Company for the purchase and display of Code #41633, Two Princes Riesling, 750ML size during July and August 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Discounted Items (13 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve price reductions for thirteen (13) discounted wines represented by Pine State Trading Company, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Recommended Allocated Wines for Distribution to Stores (20 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve twenty (20) allocated wine items for distribution to stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) “R” Wines for Allocation to Licensees (1 item):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve one (1) restricted wine for allocation to licensees selected by the broker, and retail distribution, as recommended by

Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 6) Primary Source Submissions (4 exclusive agent; 12 imported):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of four (4) wine codes which are offered by the exclusive marketing agent and twelve (12) wine codes which are imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

III. ENFORCEMENT & LICENSING REPORT – No report presented.

IV. CHAIRMAN'S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated May 26 through June 1, 2005. The motion was unanimously adopted.

2. Coupon Approvals: None.

3. Late Items/Other: None.

Anthony C. Maiola, Chairman

John W. Byrne, Commissioner

Patricia T. Russell, Commissioner

/D. Hartford

